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The New Strategy for Industrial Development (Draft Copy)

The Workers Party

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THE NEW STRATEGY
FOR INDUSTRIAL DEVELOPMENT

(Draft Copy)

January 1991

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PREFACE

"The New Strategy for Industrial Development" is a policy document which resulted from extensive discussion on the Draft Discussion Document on Industrial Policy which was published in April 1990.

Much of the background analysis of the current economic scene has been omitted from this document but readers may wish to consult the Draft Discussion Document for a more comprehensive critique of the historical development of the Irish economy or for a fuller understanding of methodology employed in arriving at the proposals contained here.

BACKGROUND

The primary economic indicators which have any credible meaning in an economy are the Levels of employment in with paid jobs and the future prospects for industry to provide a stable wealth generating potential. In Ireland these indicators are not encouraging.

In the 1980's we have witnessed disastrous levels of unemployment and emigration; a marked increase in the level of temporary, casual, part-time and seasonal work; a failure to achieve similar income levels with those E.C. States which we joined with in the 1970's; an inequitable and regressive taxation regime; increasing ecological and environmental damage and an enormous debt burden which is being paid for by workers' income tax and the users of public services.

The future does not look any less discouraging. A significant segment of industrial activity in the state is owned and controlled by Multi National Corporations which have situated in Ireland as a matter of economic convenience and might just as easily locate somewhere even more convenient. Native industry is displaying an increasing tendency to invest profits in overseas markets. Native capitalists remain obsessed with short term and speculative gain. Little political discussion or policy has been directed at the alarming socio-economic implications of the application of new technologies. Demographic forecasts (with particular regard to the stagnant levels of unemployment, continuing emigration trends and lower birth rates) indicate unsustainable dependancy ratios in Ireland in the decades ahead.

It is against a frank and rational appraisal of this background that the recommendations contained in this policy document have been formulated.

INTRODUCTION

The demonstrable failure of indigenous Irish industry, the example set by successful economies in social systems as diverse as Sweden and Japan, the urgent need to identify and exploit the highly competitive (but available) markets in the European Community and the special requirements of a small peripheral economy such as Ireland are facts should impel all sane observers to one inescapable conclusion. That is that the State must become directly involved in a dynamic, holistic, participative and planned approach to industrial development.

The primary objective of the strategy outlined in this policy document is the creation of key industrial sectors where rewards in the form of grants and subsidies will be made to individual enterprises on the basis of success and where payments made by the State can be converted into share participation by the State. (This may be in the form of Ordinary Shares or other financial instruments as appropriate). The development of these key industrial sectors will be entrusted to a restructured National Development Agency which will comprise integrated task forces for each industrial sector.

It is necessary at this point, in order to keep the lines clear, to state what the objective of this policy document is. The key objective of industrial policy is the creation of wealth and jobs. The distribution of the wealth which will occur is a matter for separate political policymaking

The key principle of a socialised economy is to obtain the optimum ownership/control mix of the key centres of production and infrastructure. This will certainly imply an increased equity partnership between the State and private industry where that does not currently exist. However, it does not necessarily mean the retention of 100% of the shareholding of Companies currently owned exclusively by the State. Therefore, it is feasible to fund the purchase of a controlling stake in key areas of the economy by diluting (a minority) of shareholding of existing assets. However, most equity participation by the State in private companies will come about through investment mechanisms which occur at present without any payback to the State. At no stage is the compulsory expropriation of private capital envisaged.

The main thesis for ~~a~~ job creation which is proposed is that wealth continues to originate in the production process. Industrial production is fed by a secondary ring composed of a myriad of service industries and increasingly this is where the jobs will be provided. The tertiary ring of the economy contains an even greater myriad of domestic, retail and other service sectors which is sustained by the consumer spending of the employed. Consequently, the focus of state participation control and ownership must be directed at the primary sources of industrial production. The remainder of economic activity is, for the most part, best suited to the operation of private enterprise in a regulated environment using taxation as the main redistributive mechanism.

1. Identification of key Industrial Sectors

An essential requirement of industrialisation policy is the development of export markets because of the small scale of the domestic market. Successful export enterprises can only emerge on the basis of economies of scale (high volume production) or economies of scope (high quality production).

As the Telisis Report pointed out, it is not possible to penetrate export markets by relying on cheap labour. Sustained growth in the economy will only be maintained by industries with the potential to satisfy the sophisticated European markets which are available to us and these industries will depend on the availability of skilled labour. The twin objectives of penetrating export markets and raising standards of living at home require industries which can generate a high value of output per worker. High levels of physical productivity will require the use of modern production technologies with a corresponding training infrastructure. Alternatively, high-demand products can be provided for niche and luxury markets which will involve the development of smaller scale craft-type industries producing a high value of per unit of output. In all cases, production must be geared towards markets demonstrating long term growth trends.

A number of product areas which suggest themselves as offering particular potential are as follows:

- (1) Electronics/Telecommunications/Information Technology
- (2) Aerospace
- (3) Chemicals/Pharmaceuticals
- (4) Biotechnology
- (5) Processed Food/Drink
- (6) Plastics
- (7) Timber Products
- (8) Fashion Clothing

2. A DYNAMIC STRUCTURE FOR INDUSTRIAL DEVELOPMENT

The planning system

The Workers' Party proposes the establishment of a NATIONAL DEVELOPMENT COUNCIL (NDC) to oversee the formulation and implementation of a NATIONAL INDUSTRIAL DEVELOPMENT PLAN (NIDP), a rolling plan incorporating both medium (five-year) and long (20-25 year) term objectives, the former updated on an annual basis and the latter on a five-year basis. The NDC will draw its membership from the Oireachtas and the recognised social partners, and will have the final say in determining the structure and content of the NIDP, especially in determining priorities and the measures required to pursue these priorities. In return for this power, the constituent elements in the NDC will be expected to secure compliance with the NIDP from within their respective constituencies. It is vital that broad popular support be obtained for the NIDP, and the NDC will have the key role to play in this respect. The NDC will also have an overall supervisory role in monitoring the progress and evolution of the NIDP.

In its deliberations, the NDC will be advised by its own Secretariat, which must be adequately funded in order to ensure the recruitment of personnel of the highest calibre; by a Consultative Committee made up of technical experts from Third Level colleges, research institutes and the research departments of social partner organisations; and by a National Council of Regional Authorities (see below) with specific regard to the regional dimensions of the NIDP.

Preliminary formulation of NDC policy will be undertaken via a system of sub-committees, divided into two broad groups. The Sectoral Group will focus on those sectors of the economy targetted for particular attention by the NDC. For each sector, medium and long term production targets will be set, appropriate corporate structures for achieving these targets will be identified, and means and mechanisms for putting these structures into place will be devised.

The Infrastructure Group will focus on broad infrastructural areas of the economy (transport, communications, energy, education/training) with a view to securing rational and co-ordinated planning within each of these areas, and compliance between them and the needs of the NIDP. At the moment, where it exists at all, there is a great degree of incoherence and contradiction in government policy in all of these areas, and this must be sorted out if the NIDP is to be successfully implemented. For example, there is an urgent need for an integrated policy for road/rail/port networks for containerised transport. Similarly, there is a need for a coherent education and training policy which will ensure a high degree of correspondence between available skills and available employment opportunities and needs.

Apart from the broadly identified social partners, the NDC sub-committees will draw additional membership from groups and organisations of particular relevance to the respective sectors (e.g. ICOS, Teagasc and environmental groups in the Food Industry Sub-Committee and Aer Lingus, CIE and the Road Hauliers Association in the Transport Sub-Committee).

The Support System

There is already in existence a multiplicity of state agencies whose function is to support business development and general economic development. However, there is no effective overall structure for supervising, co-ordinating and monitoring these agencies. This in part reflects the lack of an overall plan to which the agencies can relate. As a result, there is much duplication and conflict among the present array of support agencies.

The Workers' Party proposes the establishment of a NATIONAL DEVELOPMENT BOARD (NDB) whose function will be to provide the various support functions required for the implementation of the NIDP. All existing support agencies will be subsumed into the NDB as separate divisions. These will include:

- (1) Research and Technology (EOLAS, Teagasc, Irish Productivity Centre, Irish Goods Council, National Microelectronics Application Centre)
- (2) Education/Training (FAS, Higher Education Authority, Irish Management Institute)
- (3) Industrial Promotion (IDA, SFADCO, Udaras na Gaeltachta, NADCORP)
- (4) Finance (ICC, ACC)
- (5) Marketing (CBF, ACC)

Some rationalisation and restructuring of existing agencies will be required in order to fit into this divisional structure. For example, the answerability of ICC/ACC to their depositors could have implications for lending policy which may not be compatible with the needs for financing new industry. It may be preferable, therefore, to exclude ICC/ACC from the NDB structure and set them up as a conventional banking group with no specific sectoral development function. Instead, the Finance Division of the NDB would be funded directly from the government, and would take over the existing finance functions of the IDA, etc.

In providing services and supports to client firms, the NDB will operate commercially by either (a) charging directly for these services or (b) securing shareholdings and/or seats on the board of directors in these firms in return for non-loan funding. Past experience suggests that "free" advice and funding are open to abuse, tend to encourage a dependent mentality and organisational "laziness" among client firms, and frequently does not represent an effective use of scarce public resources. Assistance will not be provided to firms refusing or failing to comply with the relevant industrial plan.

The Executive System

A key element in the proposed support structure is an EXECUTIVE TASK FORCE (ETF) system, whereby a separate ETF, working to strategic plans formulated by the NDC, and comprised of professionals drawn from the relevant divisions of the NDB, will work closely with firms in each economic sector targetted by the NIDP in order to ensure compliance with the plan for that sector. This will involve drawing up a detailed rolling corporate development plan for each client firm in the context of the overall sector plan. ETFs will also work with groups of firms to promote mergers, liaisons, joint ventures, supply agreements and joint marketing arrangements, where these are envisaged by the sector plan.

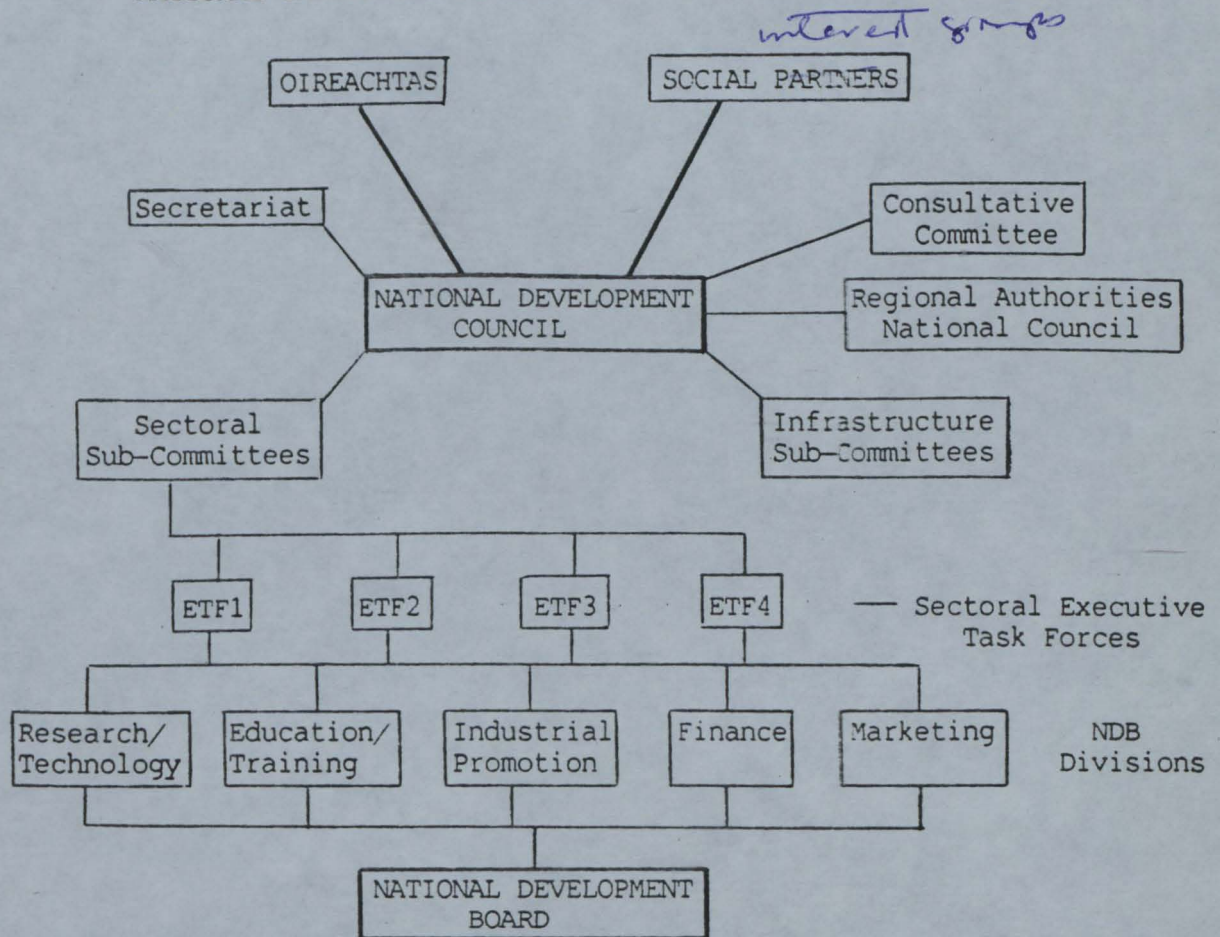
The aim of this approach is to replace the advisory and analysis emphases of the existing state agencies with a more positive and pro-active executive emphasis. It will place more emphasis on developing existing firms as against promoting new start-ups, with which the industrial promotion agencies tend to be preoccupied (partly in response to political pressures) at present. It will also create an integrated network which will provide more efficient linkages between the various components of the support system than is currently the case. The proposed "matrix" network (see diagram below) is common among larger (and therefore more successful) multinational firms.

Operating under a Sector Manager, each ETF will be primarily oriented towards the client sector rather than the NDB divisions from which personnel will be recruited. However, ETF personnel will be recruited, trained and paid for by their parent NDB divisions. The ETFs will have a high level of independent executive power as regards the disbursement of loans and grants and the implementation of other measures designed to ensure plan compliance among client firms. The ETFs will be flexibly staffed, with provision for ready interchangeability between ETFs.

The ETFs will report to the corresponding Sectoral Sub-Committees of the NDC and thence to the NDC itself. ETF managers will be appointed by the NDC from among the personnel nominated to the ETFs from the NDB divisions. Sectoral plans will be updated and revised on the basis of ongoing consultations between the ETFs and the Sectoral Sub-Committees. Difficulties which arise in specific sectors in relation to areas such as legislation, regulation, industrial relations, finance, plan compliance, etc. may be referred to the NDC for arbitration (and possible referral to the Oireachtas) by ETF managers.

A schematic plan of the proposed structure is presented on the following page.

NATIONAL INDUSTRIAL DEVELOPMENT - PROPOSED PLANNING SYSTEM



3. Participation - Towards a Common Purpose

It is increasingly clear that the industrial environments of the future must be democratic, and that such a development will be in the interests of workers employers and consumers alike.

This new vision will require on the part of employers and managers a more open, flexible and sophisticated style of management. It will require organisations to alter their structures to accomodate participation through networking and models and to move away from the command-type structures which are so often inappropriate to the requirements of the business. On the part of trade unions it will require the imagination to move away from the current closed, exclusive, segmented and reactive mode of negotiation to a new dynamic, holistic and pro-active model of industrial relations.

The current environment of industrial relations is characterised by a 'proposal reacton - response' methodology which has outlived its usefulness and is by its very nature (even in a consultative framework) a deliberate structure for conflict.

The new demands of fast changing markets, fast changing technology and increasing consumer sophistication require new responses by industry in the very process of production. An efficient flexible and coherent enterprise will only be built on the foundations of a democratic ethos which permeates the entire organisation.

The concept of participation is poorly understood in industry and can only be effective and meaningful when the many parts of the jigsaw are joined together.

The seperate elements which make up a genuine participative framework are set out as follows:

- | | |
|-------------------------------|---|
| a) Worker Directors | The main purpose of having directly elected employee-directors lies in access to key financial and investment data, and in communicating corporate strategy to the workforce. |
| b) Share participation | Provides a direct link between the benefits of participation in production and participation in the value of the business. |
| c) Work Environment | Recognises the desire by workers to have control over their work environment both physical and supervisory and is designed to move from petty supervision to self autonomous work groups. |

- d) **Quality Circles** Provides a direct input by workers into the production process and utilises the essential resource of human ingenuity at all levels regardless of rank or status.
- e) **Planning, Integration Rotation** Recognises the need to form participative mechanisms to allow workers in the product delivery process to examine ways in which separate departments and specialisms can integrate more effectively.
- f) **Direct Investment** Requires a new approach by workers and trade unions to the utilisation of their pension fund investment which is currently one of the largest sources of investment to industry and one of the most powerful weapons in the hands of the labour movement.

Industrial Democracy is an essential requirement in humanising the production process and enabling the introduction of new and converging technologies and a means of tackling the debilitating, petty and regressive 'demarcatic' issues which have dominated the agendas of the more backward elements of the trade union movement.

The essence of participation is the direct involvement of workers in decisions about their lives, and it is not another consultative forum for branch secretaries and personnel officers. It will require both employers and trade unions to make an act of faith in their employees and members.

4. A CHARTER FOR STATE ENTERPRISE

THE ROLE OF THE STATE COMMERCIAL SECTOR

The state commercial sector will have a key role to play in the new industrial policy for four main reasons:

(1) State-owned enterprises already comprise a large component of the Irish national economy (over 10% of GNP and over 6% of total employment). Investment decisions in this sector therefore will have a very significant national impact.

(2) Most state-owned enterprises occupy crucial positions in the infrastructure of the national economy (energy, transport, communications). This confers on them a particularly central role in terms of their contribution to the National Industrial Development Plan.

(3) Many state-owned enterprises represent major national repositories of technological (e.g. information technology, mechanical, chemical and electrical engineering, food processing) and management skills which are in scarce supply and will be of crucial importance to the achievement of the NIDP. In addition, because their scale of operations is quite large by Irish industrial standards, they offer considerable potential as bases for penetrating international markets. It is envisaged, therefore, that the enterprises in question (Telecom Eireann, ESB, Aer Lingus, Irish Sugar/Erin Foods, etc.) will themselves act as core companies - "national champions" - in the process of industrial expansion.

(4) Being in state ownership, these enterprises are particularly amenable to being directed towards the goals specified in the NIDP.

The Workers' Party believes that a pragmatic approach should be adopted regarding the role of state enterprise in pursuing national industrial development. Where state companies are best placed to exploit industrial development opportunities, then they should not be prevented from doing so for political or ideological reasons. Similarly, where private enterprise offers the best potential, and is prepared to work within the scope of the National Industrial Development Plan (NIDP), then it should be given every assistance to get on with the job. Joint ventures between state enterprises and private firms should also be facilitated and encouraged where a mutual benefit offers itself. Where investment opportunities arise from the NIDP which the private sector is not prepared to pursue, and which are not appropriate to any of the existing state enterprises, then new state enterprises should be established to exploit these opportunities.

Apart from investments by state-owned enterprises, the state should also be prepared to acquire strategic shareholdings in key private firms in order to influence their investment decision-making, with a view to securing compliance with the requirements of the NIDP. Such shareholdings will also be important in orienting successful firms towards locating future investments in Ireland rather than overseas. However, a pragmatic approach is also called for here, as overseas investments may themselves be of strategic importance to the firms in question. Such shareholdings would be vested in the National Development Board (which will also accumulate shareholdings in private companies in return for direct financial assistance).

Restructuring the state commercial sector

If the state commercial sector is to make its maximum contribution to national industrial development, then some fundamental alterations will be required in the way the sector is structured and run. These alterations are based on the fundamental principle that they will make their best national contribution in the long run by being run as efficiently as possible, subject only to broad social considerations (such as would also be applied to the private sector). It is absolutely essential that the state commercial sector be freed

from impositions based on short-term social or political considerations.

The Workers' Party believes that, as a minimum, the following measures be implemented:

(1) That state-owned enterprises be freed from all bureaucratic restrictions apart from the need to comply with the broad objectives laid down in the sectoral and infrastructure plans formulated by the National Development Council. State enterprises should only be answerable to the NDC, not to government departments as such.

(2) Appointments to the Boards of state enterprises should be removed from the political arena through the establishment of a statutory appointments commission comprised of representatives of all parliamentary parties, the civil service, social partners, and the education/research sector.

(3) A market in the shares of state enterprises, confined to the state commercial sector, should be established. For a variety of reasons, including historical factors, political interference, and poor management in some cases, state enterprises vary considerably in efficiency and profitability. The proposed market would allow individual state enterprises to acquire shares in other state enterprises, take them over completely, or engage in joint ventures with them. This would both facilitate the spread of efficiency within the sector generally, and provide a medium whereby resources could pass from capital-rich to capital-poor enterprises.

(4) All transactions between state enterprises should be conducted on an arm's length basis, using prevailing market prices. There is considerable subsidisation going on at present within the state sector. Examples include the price paid by the ESB to Bord na Mona for peat supplies, the price at which Bord Gais Eireann supplies gas to NET, and the free travel schemes operated by CIE. Because this subsidisation is not openly quantified, it is not possible to assess its validity. Subsidies - which have a social rather than economic basis - should be paid for from the central exchequer rather than through state enterprises. This will require the government to put an exact cost on all subsidies, as an essential prerequisite for judging their political justifiability.

(5) The internal functioning of many state enterprises must be drastically overhauled. Some of these enterprises have a poor industrial relations record, for a variety of reasons, including large size which hinders effective communications, outdated management structures and attitudes, low morale due to chronic underfunding by the state, and the fact that many of the enterprises in question provide essential services which can be exploited as bargaining pieces. Considerable resources need to be devoted to professionalising management and training structures in these enterprises. The concept of promotion on merit must be universalised throughout the public service as an essential prerequisite to national efficiency. Promotions procedures must be open and accountable in order to gain trade union acceptance on this vital concert.

THE NEED FOR POLITICAL REFORM

There is widespread recognition that the way the Irish political process has evolved is not conducive to effective economic planning and development, due to the suffusion of this process with petty parochialism (which makes it difficult to see the national woods from the local trees), short-term perspectives (which make long-term planning difficult), and routine political interference in pursuit of narrow interests throughout the public service (including the commercial state sector). Very radical changes are needed if the political system is to be capable of fully supporting the national development effort. The Workers' Party proposes the following:

(1) That the lower house of parliament (the Dail) be elected from a national list system such as is widely used throughout Europe. This will orientate the Dail to policies rather than personalities, and to national rather than local issues. It will also help remove the strain on the civil service arising from the need to devote considerable resources to producing detailed answers to trivial parliamentary questions.

(2) That the Seanad be elected on a local basis similar to that now used in Dail elections. The main role of the Seanad would be to monitor legislation coming from the Dail with respect to its possible localised impacts. It would continue to have amending but not vetoing powers.

(3) That a major decentralisation of services and powers to regional and local authorities be implemented. Other small European countries with much higher living standards than Ireland's also happen to have much more decentralised administrative systems than ours. Decentralisation of powers must be accompanied by a statutory system for providing funding to support these powers. The principle of "subsidiarity" should be applied to the decentralisation of powers i.e. they should be delegated to the lowest territorial level capable of administering them effectively.

There is a need for a tier of regional authorities with an economic development function geared mainly to the promotion of small business. All state agencies and services should operate systems of regionalisation which coincide uniformly with the territorial structures of these regional authorities. The regional authorities would have the power to co-ordinate the activities of central state agencies/services within their boundaries. There would be a National Council of Regional Authorities to liaise with the National Development Council regarding the regional dimensions of the National Industrial Development Plan (see above).

Decentralisation is an essential prerequisite for the creation of a more democratic society in Ireland. It will allow greater popular participation, more direct popular control over local activities and developments, and greater accountability on the part of public servants to their client populations. Decentralisation is also essential for unlocking energies which can serve the national interest but which currently remain untapped due to the stultifying effects of our centralised machinery of state. Finally, decentralisation will allow central government to refocus its attention on broad national issues, including in particular the over-riding issue of mobilising the nation's resources to tackling our chronic past failures in the areas of economic growth and employment creation.

The Treaty of Rome, which in effect is the constitution of the European Community (EC), contains an explicit commitment to balanced regional development within the Community. At the moment, the bulk of the EC's resources are devoted to the Common Agricultural Policy (CAP), mainly in the form of subsidies to agricultural producers. The main beneficiaries of these subsidies have been the most efficient producers, who are mainly found in the more advanced regions of the Community.

While agriculture forms an important part of the economies of the EC's peripheral regions, and CAP subsidies have had a positive impact on incomes in these regions, the emphasis on subsidies does little to improve structures and efficiency in these regions. In any case, agriculture is a declining sector with little long-term employment potential. If the EC is to be serious about the development of its peripheral regions, then the emphasis must be placed on industrial development in these regions. Further, for reasons explained earlier in this document, effective industrial development must be based on integrated indigenous industry, rather than the type of branch-plant industrialisation which up to now has been mainly characteristic of these regions.

The European Regional Development Fund (ERDF) and the European Social Fund (ESF) - to a certain extent - have been the main instruments employed by the EC to promote industrialisation in its peripheral regions. However, these have been poorly funded relative to the CAP, and have been mainly directed towards infrastructure, grants for individual industrial projects (mainly branch plants), and training. They therefore have not tackled the basic inadequacies in terms of business structures which Ireland shares with most of the EC's other peripheral regions.

There is a need, therefore, for a COMMON INDUSTRIAL POLICY (CIP) to rationalise and co-ordinate industrial policy within the EC. Various separate measures are currently in operation within the Community to strengthen industry vis-a-vis external competitors (especially the USA and Japan); however, these need the overall co-ordinating structure which a CIP would provide. The further enhancement of the Single Market after 1992 will also accelerate the process of rationalisation, which at the moment is hindered by the continued orientation of most EC industry to its own national context.

The CIP will have a particularly important role to play in terms of the EC's peripheral regions. At present, these regions almost uniformly emphasise the attraction of mobile investment as the main plank of industrial development policy. This leads to competitive bidding between these regions, the main beneficiaries of which are the mobile firms themselves, rather than the regions. There is a need for co-ordinated action to counter this approach by first of all imposing a standardised framework of industrial incentives in all regions qualifying for regional assistance.

More importantly, the emphasis in industrial policy must be shifted from attracting external investment and improving infrastructure towards direct measures aimed at strengthening indigenous industry within the regions along the lines recommended for Ireland in this document. Without such measures, the peripheral status of these regions will only be further enhanced in the aftermath of 1992. The Workers' Party, therefore, will campaign through the European Parliament for the introduction of a Common Industrial Policy; for the transfer thereto of much of the existing EC resources which at the moment are directed elsewhere; and for the EC to raise a substantial volume of extra revenue from the wealthier member states in order to make a once-and-for-all assault on the industrial deficiencies of the Community's poorer regions. The alternative to

radical action in the short-term is continued subsidisation of a weak

7)

Ecological Responsibility - Planning for Life

It is futile to believe that industrial growth, economic prosperity, full employment and increased consumption will not leave its mark on the environment. However, it is vacuous to suppose that nothing can be done to minimise or control the hazards of environmental damage. With direct reference to the industrial arena creation of the following agencies are proposed.

Industrial Inspectorate

This function would be situated in the department of labour and would be organised on a similar sectoral basis as the development task forces and would be authorised to enforce environment legislation as well as health and safety legislation in the workplace. It would be a requirement of the inspectorate to hold a formal meeting with the health and safety committees at every workplace annually and would be authorised to impose fines / penalties and to pursue prosecutions.

Environmental Research Agency

This agency would be responsible for providing independent scientific analysis to the Industrial Inspectorate, Local Authorities or members of the public and for carrying out routine analysis of environmental and ecological standards.

A landscape of poverty and deprivation and a spectre of pollution and destruction are equally intolerable. In time we may come to recognise that concessions must be made by an increasingly materialist world to 'quality of life'. In the meantime we must recognise that 'standard of life' and 'quality of life' are not mutually exclusive, and further recognise that many communities in the Country have neither.

CONCLUSION

There is an urgent need for a major restructuring of Irish industrial policy. Portrayed by most as an opportunity, 1992 in fact looms like a spectre over the Irish economy. The failure of past industrial policies has left Ireland with a weak business structure which is certain to be further undermined by the increased exposure to external competition which will result from the completion of the Single European Market. Unless Ireland manages to build up its own set of strong firms capable of meeting the European challenge, Irish-owned firms will inevitably be gobbled up by stronger competitors abroad as the process of continental rationalisation proceeds apace.

Unless something radical is done, Ireland faces the prospect of perpetual underdevelopment, with those citizens who are left at home facing a future of second-class employment in branch plants of uncertain stability, or in hotels and guesthouses catering for the luxury needs of our better-off European "partners".

The policy of providing incentives and sitting back, hoping that the private sector, on its own initiative, will leap to the nation's rescue, has been completely discredited. Only vigorous and direct state intervention, operating through a coherent and co-ordinated planning process (such as has worked successfully in other countries in the past), offers any possibility of avoiding the bleak future outlined above. In this document, the Workers' Party has provided a blueprint for how such a planning process can be structured and implemented. This blueprint is designed to replace Ireland's present anaemic business culture with a new culture of efficiency, achievement and success, within which human energies and creativity can be released and fully realised, and within which human values, democracy and participation can co-exist with prosperity and secure employment for all.